

FEDERAL BUREAU OF INVESTIGATION  
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## FEDERAL BUREAU OF INVESTIGATION

Date of transcription 10/1/90

~~EUGENE ROBERT KARP~~, Administrative Assistant and Legal Counsel (Chief of Staff) for Senator DENNIS DECONCINI, was interviewed in the presence of his Attorney [redacted] KARP resides at 2823 N. Yuctan Street, Arlington, Virginia 22213. telephone number (703)241-8868. The interview was held in [redacted] office, 1800 Massachusetts Avenue Northwest, #800, Washington, D.C., telephone number [redacted] KARP provided the following information:

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KARP said he has been employed by Senator DECONCINI as his Chief of Staff from 1987 to the present.

KARP said that he first met CHARLES KEATING in October of 1988, at a fund raiser at the PHOENICIAN HOTEL (PH) in Phoenix, Arizona. KARP said the conversation with KEATING was general in nature concerning the turnout at the fund raiser. KARP said that he recalls only having talked to KEATING on two other occasions, and cannot recall if this fund raiser at the PH was the first time that KARP had met KEATING.

KARP characterizes contacts with KEATING of the nature of only "passing on information to Senator DECONCINI." KARP said he could not recall what type of messages he passed on to Senator DECONCINI or the frequency of these messages. KARP said that whenever he spoke with KEATING it was primarily because KEATING had been unable to talk with DECONCINI. KARP said that he could not recall any specific message that he passed on to Senator DECONCINI, KARP said; however, that one occasion he recalled KEATING complaining about [redacted] of the FEDERAL HOME LOAN BANK BOARD (FHLBB), [redacted] as "being over bearing as were his regulators."

KARP said the next time that he recalls having met KEATING was a meeting in March of 1987, attended by KEATING, [redacted] himself, Senator DECONCINI, and [redacted] from DECONCINI's office. KARP said that normally [redacted] would have attended this meeting, but she had been unable so he attended in her place. KARP stated he remembered nothing about the meeting, and he only remembered the meeting from review of Senator DECONCINI's calendar. This calendar contains no information as to the content of the meeting. KARP stated that this meeting in March of 1987, was the only meeting which KARP attended that occurred between DECONCINI and KEATING. KARP said

Investigation on 9/19/90 at Washington, D.C. File # 58C-PX-41605

SAs [redacted] and  
by [redacted] REB:sm Date dictated 9/19/90

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Continuation of FD-302 of EUGENE ROBERT KARP, On 9/19/90, Page 2

that he attended no other meeting with KEATING. KARP further stated he never initiated any telephone call with KEATING, and if he did speak with KEATING by telephone, it would have been returning his telephone call; however, he could not recall any calls to KEATING under any set of circumstances.

KARP further stated that he did not attend any meeting between Senators DECONCINI and MCCAIN where KEATING or LINCOLN SAVINGS AND LOAN ASSOCIATION (LSLA) or any of KEATING's subsidiaries were discussed.

KARP said he does recall that after the March, 1987 meeting, he called [ ] of Senator MCCAIN's office and told him that KEATING had called MCCAIN a "wimp." During this telephone conversation, [ ] told KARP that KEATING had also called DECONCINI a "wimp." KARP said, however, his recollection of this "wimp" statement does not refresh his memory, and could not determine why or in what context KEATING referred to Senator MCCAIN as a "wimp."

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KARP said that his only recollection of the [ ] letter and the CHARLES H. KEATING, JR. letter to Senator DECONCINI, dated March 17, 1987, occurred when he was preparing response for the SENATE SELECT ETHICS COMMITTEE. KARP said that he does not know how either one of these letters were conveyed to Senator DECONCINI.

KARP said that he never offered any advise to DECONCINI regarding KEATING, or the wisdom on contacting or meeting with members of the FHLBB. KARP described DECONCINI as a "pro-active Senator", and if he "wants to act for a constituent he will" without seeking advise of the staff. KARP stated that DECONCINI has "never been heavy handed" with his contacts with government agencies.

KARP characterized his knowledge of the KEATING issue as having been acquired after the fact. KARP, in fact, stated he never discussed the meetings of April 2, 1987 and April 9, 1987, with Senator DECONCINI.

KARP further stated that he does not recall ever having discussed the issue of "negotiating" on behalf of KEATING with Senator DECONCINI. KARP stated that Senator DECONCINI is "pro-active", and described that he acquired this pro-active stance from a discussion that DECONCINI had with Senator HUEBERT HUMPHREY. KARP stated that he witnessed a conversation between DECONCINI and HUMPHREY when DECONCINI asked HUMPHREY how to please conservative business people. HUMPHREY replied that when problems arose with the conservative business community, he (Senator HUMPHREY) would take some kind of action on their behalf. KARP characterized this meeting with HUMPHREY as having

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Continuation of FD-302 of EUGENE ROBERT KARP, On 9/19/90, Page 3

considerable influence on Senator DECONCINI's pro-active stance with constituents.

KARP said he is unaware of any telephone call made by Senator DECONCINI to former FHLBB [REDACTED] KARP said, in fact, he did know about the telephone call until asked by the SENATE SELECT ETHICS COMMITTEE investigators. KARP said he has no "prior knowledge" of the call.

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KARP described the type of advice he would give DECONCINI as follows: If DECONCINI had a question concerning an issue, KARP would check with the SENATE SELECT ETHICS COMMITTEE or other lawyers on the various congressional staffs. KARP would then advise Senator DECONCINI as to what he had determined. KARP, however, reiterated the fact that DECONCINI never asked him anything concerning 'CHARLES KEATING or the issue that followed. KARP stated that he believes Senator DECONCINI believed the KEATING matter was "routine", and required no consultation on his part with anyone.

KARP stated he was aware of the April 2, 1987 and April 9, 1987, meetings with the regulators, and stated he became aware of these meeting the evening or the day they occurred; however, he only found out about the meetings in passing, and was never briefed prior to or after the meetings by DECONCINI or any member of his staff. KARP said, however, he does recall that [REDACTED] was unable to answer questions apposed to him by the Senators about ISLA.

KARP said that financial interest described in the SENATE FINANCIAL DISCLOSURE reports regarding LAWYERS TRUST COMPANY relate to fees owed to him from the sale of some property in Tucson, Arizona. The property was, in fact, owned by him and his in-laws. KARP said that he currently has no financial dealings with KEATING, and has never had any financial dealings with KEATING or any of his business entities. KARP further stated he is unaware of any DECONCINI involvement with KEATING on a financial basis or with any of KEATING'S business entities.

KARP said that he has never discussed the LEE HENKEL nomination with Senator DECONCINI. KARP said he does not know why DECONCINI supported the nomination of HENKEL to the FHLBB. KARP said it was not unusual for DECONCINI to support the nomination of a Republican; however, when asked to site other instances, he could only point to the nomination of Associate Justice SANDRA DAY O'CONNOR. KARP said, however, if it were important he could provide the identity of other Republican nominees that DECONCINI supported. KARP said that he is unaware of any meeting between Senator DECONCINI and any WHITE HOUSE staff member concerning HENKEL, KEATING, and or his business entities.

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Continuation of FD-302 of EUGENE ROBERT KARP, On 9/19/90, Page 4

KARP was displayed a letter, dated June 6, 1986, addressed to the Honorable DONALD REGAN, Chief of Staff, the WHITE HOUSE, signed by Senator DECONCINI, and a letter, dated June 16, 1986, addressed to "Dear DENNIS" from DONALD T. REGAN, and two pages of biographical information concerning LEE HENKEL. (Copies of these letters are attached to this report). KARP stated these documents did not refresh his memory, and as a result, could not discuss Senator DECONCINI's support of HENKEL.

KARP was displayed a letter, dated December 18, 1984, addressed to Mr. and Mrs. CHARLES H. KEATING, JR. signed by DENNIS DECONCINI. (This letter is attached to this report). KARP was further asked to read the "PS" notation on this letter. KARP said that he specifically asked Senator DECONCINI about this letter. KARP said that when he initially asked Senator DECONCINI about the notation "Sorry we missed dinner, thanks for helping [redacted] 'I have no monitory interest only my friendship for [redacted] signed D". KARP said that DECONCINI upon first being asked, did not recall this letter or the notation; however, after "reflection" DECONCINI told KARP that [redacted] had mentioned to him (Senator DECONCINI) that KEATING had helped him in a business situation, and DECONCINI had attached the notation as an after thought to KEATING. KARP said that DECONCINI did not know that KEATING had any business arrangements with KEATING until [redacted] told him of the occurrence, and DECONCINI attached a note merely as a gesture of courtesy. KARP said that DECONCINI told him he never introduced KEATING to [redacted] and does not know how KEATING and [redacted] became acquainted.

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KARP said that he walked in on a meeting between Senator DECONCINI and [redacted] when DECONCINI learned that [redacted] had business dealings with KEATING. KARP said that he is certain that Senator DECONCINI found out about [redacted] business dealings with KEATING in December of 1988, because he witnessed Senator DECONCINI's expression of surprise of being told by [redacted] of his [redacted] business dealings with KEATING.

KARP said that the majority of the letters received from KEATING, unless hand delivered, were mailed to Senator DECONCINI's office.

DENNIS DeCONCINI  
ARIZONA

COMMITTEES:  
APPROPRIATIONS  
JUDICIARY  
VETERANS' AFFAIRS  
INDIAN AFFAIRS  
FILES AND ADMINISTRATION

United States Senate  
WASHINGTON, DC 20510

WASHINGTON OFFICE:  
328 HART SENATE OFFICE BUILDING  
WASHINGTON, DC 20510  
(202) 224-4521

PHOENIX OFFICE:  
700 E. JEFFERSON, SUITE 200  
PHOENIX, AZ 85034  
(602) 261-8758

SOUTHERN ARIZONA OFFICE:  
97 EAST CONGRESS, SUITE 120  
TUCSON, AZ 85701  
(602) 628-8831

EAST VALLEY OFFICE:  
20 E. MAIN, SUITE 315  
MESA, AZ 85201  
(602) 261-4998

June 6, 1986

The Honorable Donald Regan  
Chief of Staff  
The White House  
Washington, D. C. 20500

Dear Don:

I want to bring Mr. Lee Henkel to your attention for appointment by the President to the Federal Home Loan Bank Board. I am advised that [ ] has submitted his resignation, as of June 4, thereby creating a vacancy at the Bank Board.

Because of his several years service at the Internal Revenue Service as Chief Counsel and his consideration for appointment as a commissioner of that agency, Mr. Henkel should be well known to the administration. He is recognized as an outstanding lawyer and former government official who has the capabilities as well as the character to serve as a member of the Federal Home Loan Bank Board.

I would appreciate an opportunity to talk to you about Mr. Henkel in the very near future, and would be pleased if you would be so kind to call me.

Thank you for your time and consideration.

Sincerely,

DENNIS DeCONCINI  
United States Senator

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**AMERICAN  
CONTINENTAL  
CORPORATION**

CHARLES H KEATING, JR.  
Chairman of the Board

2735 East Camelback Road  
Phoenix, Arizona 85016 / (602) 957-7170

[redacted] a member of the Federal Home Loan Bank  
[redacted], will resign his post at the end of August, 1986, the FHLBB  
announced on Wednesday, June 4, 1986.

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Whether [redacted] will resign, is  
problematical. However, if he should, it is likely the person  
appointed by the Administration to succeed [redacted] could then  
become Chairman.

The very best thing that could happen for the savings  
and loan industry would be to have Lee Henkel (7 Whitewater  
Trail, N.W., Atlanta, Georgia, 30327, 404/231-1615) succeed [redacted]  
[redacted] with the promise of becoming Chairman in the event of [redacted]  
departure.

I have spoken with Mr. Henkel, who would accept the  
appointment.

Mr. Henkel's appointment would be enthusiastically  
endorsed by the Honorable Mack Mattingly, Republican Senator of  
Georgia.

Mr. Henkel is currently with the Georgia law firm of  
Troutman, Sanders, Lockerman & Ashmore, 1400 Chandler Building,  
127 Peachtree Street, N.E., Atlanta, Georgia, 1/404-658-8370.

From 1971 through 1973, Mr. Henkel was chief counsel of  
the Internal Revenue Service. Upon his resignation as chief  
counsel, the White House requested Mr. Henkel to become IRS  
Commissioner, which he declined due to family commitments.

Mr. George Schultz, Secretary of State, and Mr. William  
Simon, former Secretary of Treasury, would, I believe, both be  
excellent character and political references for Mr. Henkel.

I have asked Mr. Henkel, who by coincidence will be in  
Washington today at the request of the White House to attend a  
tax session, to stop by Senator DeConcini's office with his  
resume and, should the Senator so desire, for a short visit.

I will determine the interest of Mr. Donald Regan in  
the suggestion of Senator DeConcini that Mr. Henkel be appointed  
as indicated above. I will convey the appropriate information to  
the Senator Friday, June 6, 1986.

CHK

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BIOGRAPHICAL SKETCH

LEE H. HENKEL, JR.

Senior Partner  
Troutman, Sanders, Lockerman & Ashmore  
1400 Candler Building  
127 Peachtree Street, N.E.  
Atlanta, Georgia 30043

Chairman of the Board  
Sands Investments, Inc.  
105 Rainbow Harbor  
5001 N. Kings Highway  
Myrtle Beach, South Carolina 29577

Chairman of the Board  
Continental Southern, Inc.  
1733 Mt. Vernon Road  
Dunwoody, Georgia 30338

Formerly Chief Counsel for the Internal Revenue Service  
and Assistant General Counsel for the United States  
Treasury Department, Washington, D.C. (Appointed by the  
President on April 12, 1972; confirmed by the Senate on  
June 12, 1972).

Member of State of Georgia and District of Columbia  
Bar Associations

PERSONAL DATA:

Date of Birth: September 16, 1928  
Place of Birth: Charleston, West Virginia  
Marital Status: Married to the former [REDACTED]  
of Columbus, Georgia (Duke University A.B. 1952)

Children:

[REDACTED]

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Home Address: No. 7 Whitewater Trail, N.W., Atlanta, GA 30327  
South Penthouse, 1000 Shore Drive, Myrtle Beach,  
South Carolina 29577

EDUCATION:

Duke University, A.B. 1949; Sigma Chi Fraternity  
Duke University Band (Student Director); Duke  
Symphony Orchestra; Hoof & Horn, Duke Ambassador;

Duke Law School, J.D. 1952; Editorial Board,  
Duke Bar Journal; Order of the Coif (honorary);  
Graduated "With Distinction;" Phi Delta Phi  
Legal fraternity

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## BUSINESS, PROFESSIONAL AND CIVIC ACTIVITIES:

### Professional Practice Experience:

1952-1971. Practiced law with business firm in Columbus, Georgia. Represented Columbus Bank & Trust Co. and a number of contractors, developers and lenders.

1971-73. Appointed by President Nixon as ranking Assistant General Counsel of the U.S. Treasury Department and Chief Counsel for the Internal Revenue Service.

1973-Present. Practiced law in Atlanta, Georgia and engaged in real estate development, sales and management. Law firms represented numerous contractors and real estate developers and lenders including Georgia Federal Savings & Loan (Atlanta); Lincoln Savings & Loan (Los Angeles); First Georgia Bank (Atlanta); Fidelity National Bank (Atlanta).

### Legal and Professional:

Member - Atlanta Lawyers Club; State Bar of Georgia; American Bar Association; Federal Bar Association. A founder and first Chairman of the Board of Trustees of Southern Federal Tax Institute, Atlanta, Georgia. Former Chairman, Section of Taxation, State Bar of Georgia. Member - Section of Taxation, American Bar Association. A founder and first President of Atlanta Tax Forum.

### Professional Speaking Engagements:

Lecturer and speaker at various tax seminars, including: NYU Institute on Federal Taxation; Texas Tax Institute; Practicing Law Institute; Connecticut Bar Association Tax Conference; Southern Federal Tax Institute; Estate Planning Councils (Atlanta, Georgia, Charleston, South Carolina, Dallas, Texas and Fort Worth, Texas); Tennessee Tax Institute; South Carolina Tax Conference; Virginia Tax Conference; Georgia Society of CPAs; Tax Division, American Institute of Certified Public Accountants; Indiana Tax Institute; Southwest Ohio Tax Institute.

### Charitable and Civic:

Rotary Club (President 1968); Duke Alumni Association; Columbus Boys Club, Inc. (President 1958); Columbus Symphony Orchestra Guild, Inc. (President 1957); Musemont Fine Arts Camp, Inc. (Director 1967-71); Historical Columbus Foundation, Inc. (Director 1968-71); Atlanta Symphony (Director 1975-77); Georgia Trust for Historic Preservation.

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RELIGION:

Methodist

HOBBIES:

Flying (Licensed Private Pilot); Golf; Music.

REFERENCES:

The Hon. Mack Mattingly, United States Senator - Georgia  
The Hon. George P. Schultz, Secretary of State  
The Hon. Samuel Pierce, Secretary of Housing & Urban  
Development.

United States Senate  
WASHINGTON, D.C. 20510

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December 18, 1984

Mr. and Mrs. Charles H. Keating, Jr.  
6326 North 38th Street  
Paradise Valley, Arizona 85253

Dear Mr. and Mrs. Keating:

Thank you for the invitation for your New Years Eve Party. Unfortunately, I will be unable to attend because I will not be in Arizona. We appreciate the thought though, and hope you will have a happy and holy holiday season.

Sincerely,

*Dennis*  
DENNIS DeCONCINI  
United States Senator

PS. *Long we missed Dennis,  
Thanks for helping End Kat.  
I have no monetary interest  
only my friendship for End.*

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